PRYME ENERGY LIMITED
ABN 75 117 387 354

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2015

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BRISBANE – HOUSTON

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Directors' Report

In accordance with a resolution of the directors, the directors present their Report together with the Financial Report of Pryme Energy Limited ("Pryme" or "the Company") and its subsidiaries (together referred to as the "Consolidated Entity" or the "Group") for the half year ended 30 June 2015 (Period) and the Independent Auditor's Review Report thereon:

Directors

The Directors of Pryme at any time during or since the end of the half year ended 30 June 2015 are:

Executive Directors
Mr Justin Pettett (Managing Director)
Mr Ryan Messer (Chief Operating Officer)

Non-Executive Directors
Mr George Lloyd (Chairman)
Mr Gregory Short
Mr Daniel Lanskey

At the Annual General Meeting held on 22 April 2015, Mr Gregory Short was re-elected to the Board in accordance with clause 13.2 of Pryme's Constitution. As announced to the ASX on 29 June 2015, Mr Daniel Lanskey joined the Board as a Non-Executive Director.

Review of Operations

The principal activities of Pryme during the period under review were evaluating, exploring and developing oil and gas prospects and producing oil and gas in the United States of America. There have been no changes in the nature of these activities during the Period. In the first half of 2015, $3,967,506 was invested in exploration, evaluation and development activities (2014: $1,118,181). This investment was principally in developing the Capitola Oil project including the drilling of the first 4 wells in the project.

Production

For the half year ended 30 June 2015, cumulative net production for the Company comprised 17,674 barrels of oil and 13,464 Mcf of natural gas from the Capitola Oil Project, LaSalle Parish and Four Rivers projects (2014: 6,752 barrels of oil and 18,461 Mcf of natural gas).

The increase in oil production for the 2015 half year compared to the previous half year was achieved despite the sale of the Turner Bayou project in the 2014 financial year and reflects the commencement of production from the company's Capitola Oil project in January 2015. The reduction in natural gas production compared to the previous corresponding period reflects the sale of the Raven project in the 2014 financial year and the commencement of natural gas production from the Capitola Oil project in the first half of 2015.

Financial Results

Revenue of the Consolidated Entity from production of oil and gas for the half year ended 30 June 2015 was $1,179,592 (2014: $848,066). The increase reflects a combination of the commencement of production in the Capitola Oil Project, natural decline in the LaSalle and Four Rivers projects, and the sale of the Raven and Turner Bayou projects. The increase in revenue has been achieved despite the average oil price received for the 6 months to June 2015 falling from US$102 per Bbl in 2014 to US$50.17 per Bbl. Total revenue from oil sales is attributable to the following producing assets: Capitola 81%, LaSalle 13%, Four Rivers 6%. All gas revenue is attributable to the Capitola Oil project. The average gas price received for the 6 months to June 2015 was US$2.15 per Mcf (2014: US$4.52 per Mcf).

For the half year ended 30 June 2015, the Company has recorded a loss from continuing operations of $1,931,730 (2014: $567,541). This includes non-cash depletion, depreciation and impairment totalling $1,600,079. Total Comprehensive Income for the Company for the period was a loss of $993,795 (2014: $1,280,220) including an impairment loss of $714,525 in relation to the Four Rivers project following a review of the economic recoverability of behind pipe reserves and taking in to account current low commodity prices. Total comprehensive loss includes a gain of 937,935 (2014: loss of $252,669) arising on translation of foreign operations.

For the half year ended 30 June 2015, the Company has recorded negative cash flows from operations of $610,069 (2014: negative $212,963).

The functional currency for the US operations of the Group is US Dollars. The presentation currency for the Group's accounts is Australian Dollars. All figures quoted in this report are Australian Dollars unless otherwise specified.

Exploration Activities

Details of Pryme's exploration activities are specified in the "Projects" section of the half year report.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration has been provided by Pryme's auditor, PricewaterhouseCoopers. A copy of this declaration is attached to, and forms part of, the half year report for the six months ended 30 June 2015.

Signed in accordance with a resolution of the Board of Directors.

Justin Pettett
Managing Director

Brisbane
27 August 2015

SALES AND PRODUCTION

Half Year Sales Report (net to Pryme)

Project	June 2014 Half Year#		June 2015 Half Year	
	Natural Gas (Mcf)	Oil/Condensate (Bbls)	Natural Gas (Mcf)	Oil/Condensate (Bbls)
Four Rivers	0	4,650	0	3,864
Capitola*	0	0	13,464	13,810
Other#	18,461	2,102	0	0
Total**	**18,461**	**6,752**	**13,464**	**17,674**
Total (BOE)**	**9,778**		**19,918**	

** Actual sales for the last month of the quarter may be an estimate based on production data from prior months of production.*
*** Natural gas is converted to barrels of oil equivalent (BOE) on the basis that 6 Mcf of natural gas is equivalent to 1 BOE.*
 # Comparative numbers for the June 2014 year include, under "Other," sales and production from the Raven and Turner Bayou projects which have been disposed of.

PROJECTS

As our industry weathers low commodity prices and weakened capital market conditions, Pryme and its management team remain focused on executing their operational strategy by positioning the Company in low cost, high margin basins in the United States. As a result, during the half year, the Company more than doubled oil and gas production on a barrels of oil equivalent basis over the prior half year period and, importantly, increased oil production by 260%.

Capitola Oil Project (37.5% - 100% WI)

The focus for the first half of 2015 was the Capitola Oil Project which is located in an active region of the Eastern Shelf of the Permian Basin, just north of the town of Sweetwater, Texas. By the end of the first quarter Pryme was producing from the first three Capitola wells and had drilled a fourth well. Throughout the period work was also focused on optimising production and reducing lifting costs for all producing wells.

During the second quarter Pryme brought the fourth Capitola Oil Project well into production. The Shari Lynn No.1 (100% Working Interest, 75% Net Revenue Interest) which is located in the Sweetwater acreage block. Production from the well is averaging 5 barrels of oil per day together with a high volume of formation water. The formation water production is impeding oil production and further analysis of the well and surrounding geology is underway in accordance with a plan to remedy the relatively high water and low oil production.

Capitola Oil Project production remains stable. The Mahaffey Bishop well continues to outperform and both the Mahaffey Bishop and McCain wells continue to produce at levels around their initial production rates. Average production from Capitola over the past 30 days was 120 barrels of oil per day (90 barrels per day of oil net to Pryme) and 200Mcf of natural gas per day (150Mcf per day of natural gas net to Pryme).

Plans to drill the fifth Capitola Oil Project well, the Fox 7-L4, have been suspended pending line of sight on a recovery in oil prices and potential remediation of the Shari Lynn well. This will preserve Pryme's strong cash position and limit capital spending for the balance of 2015 to the Company's new Newkirk Project.

<u>About the Capitola Oil Project</u>

The Capitola Oil Project is located in an active region of the Eastern Shelf of the Permian Basin just north of the town of Sweetwater, Texas. The project contains a number of shallow, "stacked" formations, to depths of 7,500 feet, with established oil production history from vertical wells. The Capitola Oil Project acreage is contained within two contiguous lease blocks referred to as Sweetwater (approx. 7,000 acres) and Claytonville (approx. 2,333 acres) to the north of Sweetwater. Pryme has a 100% WI (75% NRI) in the initial four wells and units drilled in the project and a 37.5% WI in the shallow rights of the undeveloped acreage (25% WI in the deep rights).

Four Rivers Project (8% - 25% WI)

During the June 2015 half year oil sales of 3,864 barrels (22 Bbls/day net to Pryme) were slightly lower than for the previous half year. This is mainly attributable to normal decline and fluctuations in the timing of oil sales. Pryme has an interest in 1,260 acres (240 acres net to Pryme) located in LaSalle and Catahoula Parishes Louisiana and Jefferson and Wilkinson Counties in Mississippi.

Newkirk Project (50% WI)

Effective 1 July 2015, the Company acquired a 50% working interest in the Newkirk Project in Oklahoma. The project is focused on the Mississippi Lime formation and offers vertical drilling targets within "stacked pay" proven plays. The acquisition is consistent with Pryme's strategy of focusing on high quality exploration projects offering significant scalability of production, cash flows and reserves. Additionally, the Directors of Pryme invited Mr Daniel Lanskey to join the Board as a Non-Executive Director. Dan was the founding Managing Director of AusTex Oil Limited (ASX: AOK) and successfully led AusTex through the acquisition of acreage in Oklahoma's Mississippi Lime formation and the establishment of production exceeding 1,000 barrels per day of oil. Mr Lanskey's industry connections, both within Australia and in North America, will prove beneficial to Pryme and its shareholders, not only in respect of the newly established Newkirk Project but also in all areas of the Company's activities.

Further details on Newkirk can be found in the Company's "Acquisition of Mississippian Lime Acreage, Oklahoma" announcement dated 29 June, 2015.

OIL AND GAS TENEMENTS

Project	Location	Interest acquired or disposed net to Pryme	Total acres owned net to Pryme	Working Interest held as at 30 June 2015
Newkirk*	Kay and Noble Counties, Oklahoma	2,320 acres acquired*	2,320 acres	50%
Capitola	Nolan and Fisher Counties, Texas	-	3,500 acres (Shallow Rights)	100% in each well 37.5% in the undeveloped acreage
		-	2,334 acres (Deep Rights)	25% in the undeveloped acreage
Four Rivers	LaSalle and Catahoula Parishes, Louisiana; Jefferson & Wilkinson Counties, Mississippi	-	240 acres	19% average in each well

**Acquired effective 1 July 2015*

For further information please contact:

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Glossary

$	Australian Dollars	BOE	Barrels of oil equivalent
US$	United States Dollars	Mcf	Thousand cubic feet (of natural gas)
Bbls/day	Barrels (of oil) per day	Mcfd	Thousand cubic feet (of natural gas) per day
MBO	Thousand barrels of oil	MMcf	Million cubic feet of natural gas
MBOE	Thousand barrels of oil equivalent	NRI	Net revenue interest
BOE/day	Barrels of oil equivalent per day	WI	Working interest

Auditor's Independence Declaration

As lead auditor for the review of Pryme Energy Limited for the half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pryme Energy Limited and the entities it controlled during the period.

Simon Neill
Partner
PricewaterhouseCoopers

Brisbane
27 August 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Note	Consolidated Entity 30 June 2015 $	Consolidated Entity 30 June 2014 $
Revenue	2	1,196,773	523,341
Production Costs		(419,125)	(128,456)
Gross Profit		777,648	394,885
Audit and accounting fees		(84,805)	(77,546)
Depletion, depreciation and impairment write off	6	(1,600,079)	(177,102)
Directors' remuneration	3	(389,744)	(417,047)
Professional consulting fees	3	(152,011)	(127,835)
Employee benefits expense		(157,110)	(151,552)
Legal and secretarial fees		(99,622)	(46,465)
Share registry and listing fees		(16,961)	(23,967)
Travel expenses		(58,685)	(115,791)
Other income	2	-	279,388
Finance costs		-	(2,842)
Administration expenses		(150,361)	(101,667)
Profit / (Loss) before income tax		**(1,931,730)**	**(567,541)**
Income tax expense		-	-
Profit / (Loss) from continuing operations		**(1,931,730)**	**(567,541)**
Profit / (Loss) attributable to discontinued operations	8	-	(460,010)
Profit / (Loss) for the period		**(1,931,730)**	**(1,027,551)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Net gain /(loss) on foreign currency translation reserve		937,935	(252,669)
Income tax related to this item		-	-
Total Comprehensive Income/(Loss)		**(993,795)**	**(1,280,220)**
Profit/(Loss) from continuing operations attributable to ordinary equity owners of the company		**(1,931,730)**	**(567,541)**
Profit/(Loss) for the period attributable to ordinary equity owners of the company		**(1,931,730)**	**(1,027,551)**
Total Comprehensive Income/(Loss) attributable to ordinary equity owners of the company		**(993,795)**	**(1,280,220)**
Basic earnings per share from continuing operations		(0.2) cents	(0.2) cents
Diluted earnings per share from continuing operations		(0.2) cents	(0.2) cents
Basic earnings per share		(0.2) cents	(0.3) cents
Diluted earnings per share		(0.2) cents	(0.3) cents

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Note	Consolidated Entity 30 June 2015	31 December 2014
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		3,954,966	8,439,536
Trade and other receivables	5	301,482	670,372
Other current assets		43,394	36,737
TOTAL CURRENT ASSETS		**4,299,842**	**9,146,645**
NON-CURRENT ASSETS			
Receivables	3	200,000	-
Property, plant and equipment		22,801	10,190
Working Interest	6	11,586,013	9,361,084
TOTAL NON-CURRENT ASSETS		**11,808,814**	**9,371,274**
TOTAL ASSETS		**16,108,656**	**18,517,919**
CURRENT LIABILITIES			
Trade and other payables		426,299	1,899,984
TOTAL CURRENT LIABILITIES		**426,299**	**1,899,984**
NON-CURRENT LIABILITIES			
Provisions		134,529	76,312
TOTAL NON-CURRENT LIABILITIES		**134,529**	**76,312**
TOTAL LIABILITIES		**560,828**	**1,976,296**
NET ASSETS		**15,547,828**	**16,541,623**
EQUITY			
Issued capital	7	51,348,970	51,348,970
Reserves		(1,223,093)	(2,161,028)
Accumulated losses		(34,578,049)	(32,646,319)
TOTAL EQUITY		**15,547,828**	**16,541,623**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Options Reserve	Total
	$	$	$	$	$
Balance at 1 January 2014	**46,140,094**	**(37,619,179)**	**(3,622,987)**	**-**	**4,897,928**
Total Comprehensive Loss for the half year	**-**	**(1,027,551)**	**(252,669)**	**-**	**(1,280,220)**
Share issue	1,094,908	-	-	-	1,094,908
Share issue costs	(84,071)	-	-	-	(84,071)
Balance at 30 June 2014	**47,150,931**	**(38,646,730)**	**(3,875,656)**	**-**	**4,628,545**
Balance at 1 January 2015	**51,348,970**	**(32,646,319)**	**(2,526,665)**	**365,637**	**16,541,623**
Total Comprehensive Loss for the half year	**-**	**(1,931,730)**	**(937,935)**	**-**	**(993,795)**
Balance at 30 June 2015	**51,348,970**	**(34,578,049)**	**(1,588,730)**	**365,637**	**15,547,828**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Note	Consolidated Entity 30 June 2015 $	Consolidated Entity 30 June 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,044,257	1,125,590
Payments to suppliers and employees		(1,671,145)	(1,617,543)
Other receipts		-	272,077
Interest received		16,819	6,913
Net cash (used in)/provided by operating activities		**(610,069)**	**(212,963)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(16,773)	-
Payments for working interest		(3,967,506)	(1,118,181)
Net cash (used in)/provided by investing activities		**(3,984,279)**	**(1,118,181)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue (net of share issue costs)		-	890,837
Payment of interest and finance fees		-	(62,555)
(Payment)/Repayment of loan to director	3	(200,000)	-
Net cash (used in)/provided by financing activities		**(200,000)**	**828,282**
Net (decrease)/increase in cash held		(4,794,348)	(502,862)
Cash at beginning of period		8,439,536	1,556,605
Effect of exchange rate movement		309,778	(31,526)
Cash at end of period		**3,954,966**	**1,022,217**
Non cash financing and investing activities	7	-	120,000

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 1: BASIS OF PREPARATION

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2014 and any public announcements made by Pryme Energy Limited ("Pryme" or "the Company") and its controlled entities ("Consolidated Entity" or the "Group") during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those in the annual financial report for the year ended 31 December 2014. The Company has adopted a number of Australian Accounting Standards and Interpretations that are mandatory for reporting periods beginning on or after 1 January 2015. The adoption of these standards did not have any impact on the current period or any previous period and is not likely to affect future periods.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Consistent with other oil and gas exploration companies, in addition to cashflow from existing production, Pryme raises capital to fund exploration activities as required. Accordingly, the financial report has been prepared on a going concern basis in the belief that the Company will realise its assets and settle its liabilities in the normal course of business and for at least the amounts stated in the financial report. The ability of the Company to continue as a going concern and meet its debts and commitments as they fall due is dependent upon existing cashflows and the Company securing sufficient capital which may be in the form of (or some combination of) the following:

- Entering in to arrangements to farm out or sell existing projects/assets;
- Establishing new debt funding; and/or
- Extending existing debt funding; and/r
- Raising equity from new/existing shareholders

The directors believe that the Company will continue to be successful in securing sufficient capital and accordingly have prepared the report on a going concern basis. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report as at 30 June 2015. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting period. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 *Financial Instruments* (effective for annual reporting periods beginning on or after 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The Group does not have any hedging arrangements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

Amendments to AASB 11 Accounting for Acquisitions in Joint Operations (effective 1 January 2016)

In August 2014, the IASB made limited scope amendments to IFRS 11 Joint arrangements to explicitly address the accounting for the acquisition of an interest in a joint operation. The amendments require the investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments apply from 1 January 2016 and will therefore not affect any of the amounts currently recognised in the financial statements.

Revenue from Contracts with Customers (effective 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 18 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer with the notion of control replacing the existing notion of risks and rewards. The group has not yet considered the effect of the new rules on its revenue recognition policies. The Group intends to apply the amendment from 1 January 2017.

NOTE 2: REVENUE

	Consolidated Entity	
	30 June 2015	**30 June 2014**
	$	**$**
Oil and Gas revenue – continuing operations	1,179,592	516,428
Other income – interest	17,181	6,913
Total Revenue continuing operations	1,196,773	523,341
Oil and Gas revenue – discontinued operations	-	331,638
Total Revenue for the period	1,196,773	854,979
Other income – Bankruptcy settlement proceeds*	-	279,388

*In 2010 a third party operator of Pryme's Four Rivers project filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. This amount represents bankruptcy settlement proceeds received by Pryme during the 2014 half year.

NOTE 3: DIRECTORS' REMUNERATION

Total Directors' remuneration of $526,611 (2014: $532,743) comprises:

- $389,744 (2014: $417,047) which was paid in cash or cash equivalents as salary to directors;
- $136,867 (2014: $115,696) which was paid in cash or cash equivalents for consulting services to entities in which directors hold beneficial entitlements.

During the period the Company provided a loan of $200,000 (see Note 5) to Mr Justin Pettett to cover part of a tax liability arising out of an employee option scheme with the Company. The loan is on commercial terms, including interest payable at 5.65%. The loan is repayable in full 2 years from the date of the advance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 4: DIVIDENDS

There were no ordinary dividends declared or paid during the period under review (2014: $Nil).

NOTE 5: RECEIVABLES

	Consolidated Entity	
	30 June 2015	**31 December 2014**
	$	**$**
CURRENT		
Trade receivables	245,242	594,230
Other	56,240	76,142
	301,482	670,372
NON CURRENT		
Director Loan (see Note 3)	200,000	-

NOTE 6: WORKING INTEREST

	Consolidated Entity	
	30 June 2015	**31 December 2014**
	$	**$**
Exploration expenditure capitalised		
Exploration and evaluation phases	5,599,436	3,982,985
Less reclassification to production phase	(7,352,030)	-
Add Capitola project expenditure	3,213,603	5,255,479
Less Turner Bayou discontinued operation	-	(3,982,985)
	1,461,009	5,255,479
Production phase	9,542,203	15,541,527
Add reclassification from exploration phase	7,352,030	-
Less accumulated depletion	(6,054,704)	(6,674,534)
Less impairment Four Rivers *	(714,525)	-
Less Turner Bayou discontinued operation	-	(4,114,948)
Less Raven discontinued operation	-	(646,440)
	10,125,004	4,105,605
Total Exploration Expenditure Capitalised	**11,586,013**	**9,361,084**

* Included in the depletion, depreciation and impairment charge of $1,600,079 for the period is an impairment of $714,525 which has been recorded in relation to the Four Rivers project reflecting the impact of a review of the economic recoverability of behind pipe reserves in the project and the impact of current low commodity prices.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 7: ISSUED CAPITAL

	Consolidated Entity	
	30 June 2015	31 December 2014
	$	$
Fully paid ordinary shares	54,675,841	54,675,841
Capital raising costs	(3,326,871)	(3,326,871)
	51,348,970	51,348,970
Number of ordinary shares on issue at the end of the period:	907,380,397	907,380,397

The net non cash investing and financing amount of $120,000 shown on the Consolidated Statement of Cashflows for the prior half year ended 30 June 2014 year relates to the company issuing 6,000,000 shares at $0.02 as part consideration of the acquisition of the Capitola project. Details of this acquisition were announced to the ASX on 11 February 2014.

NOTE 8: DISCONTINUED OPERATIONS

During the prior financial year the company disposed of its interest in the Turner Bayou and Raven projects. Financial information relating to the discontinued operation for the prior half year period to 30 June 2014 is set out below.

	Consolidated Entity	
	30 June 2015	30 June 2014
	$	$
Revenue	-	331,639
Expenses	-	(791,649)
Profit / (Loss) before income tax	-	(460,010)
Income tax expense	-	-
Profit / (Loss) after income tax	-	(460,010)
Net cash inflow / (outflow) from operations	(90,444)	54,746
Net cash inflow / (outflow) from investing	(409,510)	(514,012)
Net cash inflow / (outflow) from financing	-	(62,555)
Net increase / (decrease) in cash	(499,954)	(521,821)

The carrying amounts of Raven and Turner Bayou assets for the current period and for the comparative 31 December 2014 balance date were nil.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 9: SEGMENT REPORTING

Operating Segments — Geographical Segments

The Group comprises the following two operating segments defined geographically:

- Core operations comprising the exploration, development and production of oil and gas projects in the US; and
- Administrative operations undertaken in Australia to support the exploration, development and production of oil and gas projects in the US, which includes the recharging of such costs via management fees.

	Australia	United States of America	Eliminations	Total
2015	**$**	**$**	**$**	**$**
Income				
Oil and Gas Revenue		1,179,592	-	1,179,592
Intercompany Management Fee	696,130		(696,130)	-
Other	16,819	362	-	17,181
Expenditure				
Production Expenses	-	(419,125)	-	(419,125)
Depletion, depreciation and exploration expenditure written off	(1,227)	(1,598,852)	-	(1,600,079)
Employee Related Expenses	(406,961)	(139,893)	-	(546,854)
Intercompany Management Fee	-	(696,130)	696,130	-
Other	(270,770)	2,725,159	(3,016,834)	(562,445)
Segment result	**33,991**	**1,051,113**	**(3,016,834)**	**(1,931,730)**
Profit/(Loss) attributable to discontinued operations	-	-	-	-
Profit/(Loss) for the period	**33,991**	**1,051,113**	**(3,016,834)**	**(1,931,730)**
Assets	20,398,389	14,508,060	(18,797,793)	16,108,656
Liabilities	(261,369)	(49,922,221)	49,622,762	(560,828)

	Australia	United States of America	Eliminations	Total
2014	**$**	**$**	**$**	**$**
Income				
Oil and Gas Revenue		516,428	-	516,428
Intercompany Management Fee	716,202		(716,202)	-
Other	6,913	279,388	-	286,301
Expenditure				
Production Expenses	-	(128,456)	-	(128,456)
Depletion, depreciation and exploration expenditure written off	(1,886)	(175,216)	-	(177,102)
Employee Related Expenses	(402,328)	(166,271)	-	(568,599)
Intercompany Management Fee	-	(716,202)	716,202	-
Other	(306,351)	(2,881,146)	2,691,384	(496,113)
Segment result	**12,550**	**(3,271,475)**	**2,691,384**	**(567,541)**
Profit/(Loss) attributable to discontinued operations	-	(460,010)	-	(460,010)
Profit/(Loss) for the period	**12,550**	**(3,731,485)**	**2,691,384**	**(1,027,551)**
Assets	15,808,849	6,014,518	(15,485,197)	6,338,170
Liabilities	(266,604)	(47,753,212)	46,310,191	(1,709,625)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 10: CONTINGENT LIABILITIES & COMMITMENTS

There has been no change in contingent liabilities since the last annual reporting date 31 December 2014.

NOTE 11: SUBSEQUENT EVENTS

As announced to the ASX, effective 1 July 2015 the Company acquired from ASX-listed Raya Group Limited (ASX: RYG) (Raya) 2,320 net acres in an oil rich region of the Mississippian Lime in Oklahoma. In conjunction with the acquisition and subsequent to balance date, Pryme entered in to a 50/50 joint venture with Empire Energy Limited (Empire; ASX: EEG) to develop the project. Key financial terms in relation to the acquisition are as follows:

- Initial consideration for the acreage acquired from ASX-listed Raya Group Limited (ASX: RYG) (Raya). comprised 100 million fully paid Pryme shares and A$250,000 cash. Shares were allotted and cash consideration was paid post the effective date of 1 July 2015.
- In addition, further conditional consideration of A$175,000 will be payable in respect of each of the first two wells in the event the gross 1P reserves from each well is certified, within 6 months after the commencement of production from the second well, to be equal to or greater than 31 thousand barrels of oil (Mbo) and 200 million cubic feet of natural gas (MMcf).

DIRECTORS' DECLARATION

In the directors' opinion:

(a) The financial statements and notes set out on pages 8 to17 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that Pryme Energy Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Justin Pettett
Managing Director

Brisbane
27 August 2015

Independent auditor's review report to the members of Pryme Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pryme Energy Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, the statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Pryme Energy (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pryme Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pryme Energy Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 30 June 2015 included on Pryme Energy Limited's web site. The company's directors are responsible for the integrity of the Pryme Energy Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

PricewaterhouseCoopers

Simon Neill
Partner

Brisbane
27 August 2015

CORPORATE DIRECTORY

Directors
Mr George Lloyd (Chairman)
Mr Justin Pettett (Managing Director)
Mr Ryan Messer (Executive Director)
Mr Greg Short (Non-Executive Director)
Mr Daniel Lanskey (Non-Executive Director)

Chief Financial Officer
Sandra Gaffney

Company Secretary
Ms Swapna Keskar

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OTCQX (United States)
Code: POGLY

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Australian Business Number
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